

ECONOMIC DEVELOPMENT COMMITTEE REPORT and ORDINANCE OF INTENTION FIRST CONSIDERATION relative to the establishment of the Venice Beach Business Improvement District (BID).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that:

- a. The petitions submitted on behalf of the proponents of the proposed Venice Beach BID are signed by property owners who will pay more than 50 percent of the assessments proposed to be levied.
- b. All parcels included in the BID will receive a special benefit from the improvements and activities that are to be provided.
- c. All parcels that will have a special benefit conferred upon them and upon which an assessment would be imposed are those as identified in the Management District Plan, attached to the Council file.
- d. In accordance with Article XIID of the California Constitution all assessments are supported by the Engineer's Report, attached to the Council file, prepared by a registered professional engineer certified by the State of California.
- e. In accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, attached to the Council file, the assessment levied on each parcel within the proposed District is proportionate to the special benefit derived from the improvements and activities that are to be provided.
- f. In accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, attached to the Council file, the Engineer has separated the general from special benefits and as such, the Engineer's Report identified general benefits in the amount of 1.0 percent to be separated from the Venice Beach BID special benefits conferred on parcels within the proposed BID and that the yearly general benefits cost must be paid from funds other than the assessments collected for the Venice Beach BID and that the general benefit cost for first year of operation is \$18,711.00.
- g. The City shall pay the assessment levied on seven State-owned parcels within the BID, which the City controls and for which it holds a long-term agreement and that the special benefit cost for the first year of operation is \$37,308.23.
- h. That clear and convincing evidence exists to exempt some publicly owned parcels from assessment.
- i. The assessments for the proposed District are not taxes and that the BID qualifies for exemption from Proposition 26 under exemption 7 of Article XIIC, Section 1(e).

- j. The services provided by the Owners' Association are in the nature of professional, expert, technical or other special services, that the services are of a temporary and occasional character, and that the use of competitive bidding would be impractical, not advantageous, undesirable or where the common law otherwise excuses compliance with competitive bidding requirements.
 - k. The proposed improvements and activities are completely separate from the day to day operations of the City of Los Angeles.
2. APPROVE the Venice Beach Property Owners' Association to serve as the Owners' Association to administer the Venice Beach BID if the District is renewed.
 3. ADOPT the following documents, attached to the Council file:
 - a. June 24, 2016 City Clerk report
 - b. Management District Plan
 - c. Engineer's report
 4. PRESENT and ADOPT the accompanying ORDINANCE OF INTENTION dated June 24, 2016 to establish a Property and BID to be known as the Venice Beach Business Improvement District pursuant to the Provisions of the Property and Business Improvement District Law of 1994 (Division 18, Part 7, Streets and Highways Code, State of California) and to levy assessments.
 5. AUTHORIZE the City Clerk to prepare, execute and administer a contract between the City of Los Angeles and Venice Beach Property Owner's Association, a non-profit corporation, for the administration of the BID's programs.
 6. AUTHORIZE the Controller, upon establishment of the BID, to establish a special trust fund with the Financial Management System entitled Venice Beach BID and assign a new revenue source code, if needed, for this special fund.
 7. AUTHORIZE the the Controller to transfer \$482,623.91 from the Fiscal Year (FY) 2017 Unappropriated Balance to the FY 2017 Business Improvement District Trust Fund 659.
 8. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).
 9. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare and present an enabling Ordinance establishing the Venice Beach BID for Council consideration at the conclusion of the required public hearing.
 10. REQUEST the Department of Recreation and Parks and the Board of Public Works designate a liaison to coordinate with the City Clerk and prepare a baseline services agreement for the proposed Venice Beach BID.

Fiscal Impact Statement: The City Clerk reports that funding for assessments levied on the City-owned properties within the BID and for the general benefit, as described below, were included in the Unappropriated Balance for FY 2017. Proposition 218 requires the separation of general benefits from the special benefits. The general benefit portion for the Venice Beach BID is \$18,711.00 for the first year. However, funds other than assessment revenue must be budgeted annually for the general benefit expense, and each year thereafter for the remaining years of the BID'S five-year term.

Community Impact Statement: None submitted.

Summary:

On June 28, 2016, your Committee considered a June 24, 2016 City Clerk report, Ordinance of Intention, Engineer's report, and Management District Plan relative to the establishment of the Venice Beach BID (Property Based). The Engineer's report and Management District Plan are incorporated as attachments to the City Clerk report and all are attached to the Council file. According to the City Clerk, the BID is being established in accordance with the provisions of the Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California), which allows for the establishment of a BID in which operations would be supported by revenue collected from property owners in said district. The proposed BID programs include, but are not limited to the following: Clean and Safe Programs, District Identity and Special Projects, and Administration and Management.

In order to proceed with the establishment process under the State Law, the proponent group needed to secure written support for the project in the form of petitions signed by property owners who will pay more than 50 percent of the assessments proposed to be levied. The consulting firm for the proposed BID, Devine Strategies, has presented to the City Clerk a set of petitions that support the formation of the proposed BID. The City Clerk has verified the validity of the petitions using various City and County of Los Angeles sources. In addition, the accuracy of the assessment calculations have been verified.

The petitions received indicate affirmative financial support of the project in an amount equivalent to \$968,902.69. This represents 52.31 percent of the proposed District's projected first year revenue of \$1,871,119. Because the more than 50 percent threshold of preliminary support has been achieved, the formal business improvement district establishment process, including a public hearing before the City Council, may be initiated.

The boundaries of the proposed Venice Beach area are as detailed in the Management District Plan, attached to the Council file. A general description of the boundaries of the proposed District is as follows: The western boundary is geographically determined by the Venice public beach and the Pacific Ocean, and consists of government owned parcels, excluding beach/sand; the southern boundary generally coincides with South Venice Blvd.; the eastern boundary is very irregular and follows along northward to include commercial and industrial zoned parcels, excluding parcels zoned solely residential to Marine Court, then south along commercial and industrial zoned parcels to Horizon Court, then north along Speedway and Ocean Front Walk; and the northern boundary is Barnard Way at the City limit.

There are two benefit zones separated by Westminster Ave. between Riviera Ave. and Pacific

Ave., and the western edge of APN 4238018900 between Mildred Ave. and South Venice Boulevard. All parcels zoned solely residential are excluded from the proposed BID. There are 464 parcels owned by 349 stakeholders in the proposed District.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the June 24, 2016 City Clerk report and detailed in the above recommendations.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	YES
HARRIS-DAWSON:	YES
KREKORIAN:	YES
MARTINEZ:	YES

ARL
6/28/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-